

# Procurement Transformation

Overview of progress to-date and proposed path forward

January 2023



## Procurement Transformation Phase 0 – Quick Wins

- *Administration Transition team recommended Procurement as a top Priority*
- Internal COVA team led by Deputy Chief of Transformation formed in March to evaluate current state:
  - Began to drill down into categories of products based on invoices paid to vendors who supply like products.
  - Identified potential savings and need for process improvement
  - Identified a number of challenges associated with data and process
    - No central repository for contract documentation
    - Approval of purchase orders inconsistent across agencies
    - To end to end accountability – procure to pay
    - Contracts renewed without rebidding
    - Little or no opportunity to consolidate purchases for identical products and service across agencies to achieve economies of scale
    - Multiple procurement systems and processes
  - Decision made to solicit bids from procurement consultants to assist in analysis and make recommendations



## Procurement Transformation Phase I

- Phase I awarded to Boston Consulting Group from a group of 11 consultants who bid the project
- Boston Consulting Group, working with a team of COVA procurement specialists:
  - Conducted 45+ interviews across 15 procurement organizations
  - Collected data and developed spend analytic models
  - Compared COVA processes and data to best practices
- Boston Consulting Group's key findings from Phase I:
  - Validated challenges and inconsistencies in process
  - Identified significant savings opportunities (\$500-700M)



## Procurement Transformation Phase II

- Phase II - two categories of spend identified in Phase I
  - Technology Services
  - Professional Services
- Expected outcomes of Phase II
  - Significant savings without reducing service levels
  - Streamline and simplify 17+ procurement processes/systems
  - Train and upskill sourcing specialists to research the market, pre-qualify vendors, including small, women and minority vendors) to improve quality and save time
  - Improve procurement decisions by documenting vendor performance, addressing total cost of ownership and opening opportunities for wider competition
  - Compare spend/demand across agencies to enable coordinated purchasing
  - Clarify accountability for spending with end-to-end contract ownership, spend controls, and tracking mechanisms in place



# Procurement Transformation Phase II

## To Accomplish Phase II

- Recently hired experienced Chief Procurement Officer to lead the effort
- Review category contracts/purchases for Phase II categories
  - Look for opportunities for consolidation
  - Ensure that contracts are rebid or renegotiated as contracts expire
  - Contract digitization and consolidation
  - Automate onboarding of staffing vendors
  - Four way match to ensure payment matches contract/purchase order
- Small team of procurement professionals from key agencies matrixed to CPO
- Significantly limit scope for BCG to six months to provide benchmarks, data analytics, and category knowledge (funded by FY23 Procurement Transformation dollars)



# Procurement Transformation Phase III

- Phase III – Additional high potential categories:
  - Software Licensing and Asset Management
  - Subscriptions
  - Office Equipment
  - Contingent Labor
  - Facilities Services
- Review category contracts/purchases
  - Look for opportunities for consolidation
  - Ensure that contracts are rebid or renegotiated as contracts expire
  - Contract digitization and consolidation
  - Four way match to ensure payment matches contract/purchase order
- Solicit proposal(s) to provide benchmarks, data analytics, and category knowledge for Phase III categories (funded by FY24 request for Procurement Transformation dollars)
- Phase II and Phase III FY 22 spend for selected categories - \$3.2B, potential savings \$150-200M.

